



Transmitted via e-mail

August 27, 2013

Mr. David Muraki, Director
California Conservation Corps
1719 24th Street
Sacramento, CA 95816

Dear Mr. Muraki:

Final Report—CSET Sequoia Community Corps Proposition 84 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the Community Services Employment Training (CSET) Sequoia Community Corps' grants 09-5319-1101, 09-5319-1102, 09-5319-1103, and 09-5319-1105. The grants were awarded by the California Conservation Corps under Proposition 84.

The enclosed report is for your information and use. Because there were no audit observations or issues requiring a response, we are issuing the report as final. This report will be placed on our website.

We appreciate the assistance and cooperation of CSET. If you have any questions regarding this report, please contact Susan Botkin, Manager, or Sherry Ma, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Erin Healy, Programs and Operations Division Chief, California Conservation Corps
Ms. Maria Berumen, Administrative Division Chief, California Conservation Corps
Ms. Dana Brazelton, Special Projects Manager, California Conservation Corps
Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Mary-Alice Escarsega-Fechner, Executive Director, CSET Sequoia Community Corps
Ms. Melissa Lenihan, Chief Financial Officer, CSET Sequoia Community Corps

CSET Sequoia Community Corps
Proposition 84 Bond Program
Grant Agreements 09-5319-1101,
09-5319-1102, 09-5319-1103, and 09-5319-1105



Murray Pond in Porterville, CA

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

Susan Botkin, CGFM
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Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006 (Proposition 84) for \$5.4 billion. The bond proceeds finance a variety of resource programs and are administered by several state agencies that provide grants to local government and non-profit organizations.

Founded in 1976, Sequoia Community Corps (SCC) is a project of Community Services Employment Training, Inc. (CSET), a private nonprofit corporation. SCC has been successfully operating in Tulare, Kings, and Kern Counties for over 20 years and has provided over 4,000 young adults with valuable job training and educational opportunities. In addition, SCC assists local agencies and businesses in meeting critical needs of the community such as park development, construction of low-income family housing, recycling, and natural resource conservation in local recreation areas.¹

CSET received \$1,511,255 in four grants from the California Conservation Corps (Department):

- *Visalia Acquisition (09-5319-1101)* - \$712,104 for the purchase of real property at 939 East Douglas Avenue, Visalia, California.
- *Exeter Brickyard Storm Water Basin Restoration (09-5319-1102)* - \$149,151 for removal of major debris; repair undercut or eroded areas; restore trail and path work; conduct general damage inspection erosion and nuisance problems; review recreational use requirements of a public open space; develop a sustainability guide; and install two signs.
- *Cameron Creek Project (09-5319-1103)* - \$400,000 for rebuilding, removal, and pruning of non-native vegetation; install a 6,000 foot concrete path; build a pedestrian bridge; review recreational use requirements of a public open space; and install signs.
- *Murray Park Pond Restoration (09-5319-1105)* - \$250,000 for removal and disposal of silt and sediment; clean and remove debris from inlet and outlet devices; repair undercut or eroded areas; repair vegetation damage; develop a sustainability guide; review recreational use requirements of a public open space; and install two signs.

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited the following grants:

<u>Grant Agreement</u>	<u>Audit Period</u>
09-5319-1101	June 30, 2009 through May 31, 2011
09-5319-1102	June 30, 2009 through May 31, 2011
09-5319-1103	June 30, 2009 through May 31, 2011
09-5319-1105	June 30, 2009 through May 31, 2011

¹ Source: www.cset.org/sequoia-community-corps

The audit objectives were to determine whether CSET's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine whether the grant deliverables were completed as required. We did not assess the efficiency or effectiveness of program operations. Further, no assessment was performed on the reasonableness of the land acquisition costs or the conservation value of acquired land or projects completed.

CSET management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Department is responsible for the state-level administration of the bond program.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant deliverables were completed as required, we performed the following procedures:

- Examined the grant files, grant agreements, and applicable policies and procedures.
- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Reviewed CSET's accounting records and vendor invoices.
- Selected a sample of expenditures to determine if costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Conducted site visits to verify project existence.
- Evaluated whether a sample of tasks completed by the grant agreements were met.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

RESULTS

The results of the audits are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds.

Based on the procedures performed, the grant expenditures claimed were in compliance with the requirements of the grant agreements and grant deliverables were completed as required. The Schedules of Claimed Amounts are presented below:

Schedules of Claimed Amounts

Grant Agreement 09-5319-1101	
Task	Claimed²
Purchase Price	\$ 685,000
Recording Fees	20
Prorations/Adjustments	25
Escrow Charges	800
Soft Cost Contingency	2,735
DGS Appraisal	4,600
Legal Fees	1,000
Total Project Expenditures	\$ 694,180

Grant Agreement 09-5319-1102	
Task	Claimed³
Corpsmembers' Hours	\$ 91,040
Materials & Supplies	6,731
Equipment	21,854
Vehicle Expenses	2,034
Signage	1,363
Indirect	14,594
Total Project Expenditures	\$ 137,616

Grant Agreement 09-5319-1103	
Task	Claimed⁴
Corpsmembers' Hours	\$ 144,501
Materials & Supplies	114,109
Equipment	10,029
Vehicle Expenses	2,403
Signage	1,107
Indirect	33,064
Total Project Expenditures	\$ 305,213

² CCC awarded \$712,104; however, CSET only claimed \$694,180.

³ CCC awarded \$149,151; however, CSET only claimed \$137,616.

⁴ CCC awarded \$400,000; however, CSET only claimed \$305,213.

Grant Agreement 09-5319-1105	
Task	Claimed⁵
Corpsmembers' Hours	\$ 126,881
Construction Sub-contractors	28,410
Materials & Supplies	12,692
Equipment	44,009
Vehicle Expenses	5,537
Signage	872
Indirect	25,759
Total Project Expenditures	\$ 244,160

⁵ CCC awarded \$250,000; however, CSET only claimed \$244,160.